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Media Contact: Kim Tamaoka
Public Relations Specialist
Office: (808) 245-5455
Mobile: (808) 755-5432
Email: ktamaoka@kauaiwater.org

News Release

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New rules for DOW's Facilities Reserve Charge in effect Nov. 29

LIHUE – The Kauai Board of Water Supply approved yesterday to adopt the amendments to the Department of Water's (DOW) Rules and Regulations regarding the Facilities Reserve Charge (FRC).

The amended rules were filed with the Office of the County Clerk and will be in effect starting Nov. 29.

The FRC is a fee paid by new developments needing new water supply services, or existing developments needing additional water supply services. This charge is designed to cover the necessary costs to build new infrastructure that will provide water to those new developments. It has been over 11 years since the current rate was set.

The process to update the FRC rules began in 2009 and has since gone through years of research and discussion between the Board of Water and DOW staff. During this time, a Needs Assessment Study was completed by a third party consultant to assess the costs of new infrastructure for expansion projects and to provide the methodology for updating the FRC calculations.

There are several modifications to the new FRC rules. The rule with the most impact is the increased rate to provide water service to new water meters. The FRC for the typical residential 5/8-inch water meter is increased by approximately 300 percent, from \$4,600 to \$14,115. For larger meters, from ¾-inch to 8-inch, the fee increase declines progressively from 48 percent to 24 percent. The FRC for single-family, multi-family and resort is also modified based on Hawaii's Water System Standards.

"We understand that this is a big change for all new developers, and we know that it will take time for the community to understand these changes," said Kirk Saiki, DOW's manager and chief engineer. "We are willing to answer any questions, and we encourage the public to call us or stop by our office."

The FRC is a one-time charge per new water connection and the DOW can only utilize its funds for expansion projects. The FRC cannot be used for maintenance and repairs of the DOW's existing system.

"After years of research and discussions, the FRC can finally reflect the actual growing costs of expanding our water system for new developments," Saiki said.

Other rule changes include establishing a time period to install a water meter, modifying the application of FRC offsets and total FRC offsets, establishing the use of grant funds to offset a developers FRC liability, combining all rules regarding the FRC into one section, and including requirements mandated by Hawaii Revised Statutes §46-141 to §46-148.

The following information is available on the DOW's website www.kauaiwater.org. The public may also view these documents in person at no cost or printed out for a fee at the DOW's office.

- Final amendments to DOW's Rules and Regulations Part 5, Facilities Reserve Charge
- Frequently Asked Questions relating to the FRC rule amendments
- Public testimony and DOW's responses relating to the FRC rule amendments

For more information, please call the DOW at 245-5455.

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